

PAYMENT SURVEY



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Germany Corporate Payment Survey 2021: Learning to live with the pandemic

The fifth edition of Coface's survey on corporate payment experience in Germany was conducted in July and August 2021¹, with 819 companies participating. This is also the second survey with German companies – on the payment behaviour of their clients – in the context of the COVID-19 pandemic. One of the main takeaways of the 2021 edition is that German companies seem to have acclimatised to the pandemic environment. Most notably, more companies are offering payment terms again (74%) compared to last year, when the figure had fallen sharply from over 80% in the pre COVID-19 period to 62% in 2020. However, companies remain cautious and still want to cash-in as soon as possible. Accordingly, the preference for short credit-terms remained unchanged: half of surveyed companies requested payments to be made within 0 and 30 days, while ultra-long credit terms (above 120 days) became extremely rare.

The surprising result from last year's survey was confirmed this year: although Germany experienced a strong recession, the number and duration of payment delays both decreased. In 2021, payment discipline even improved compared to already good results in 2020. Only 59% of surveyed companies reported payment delays, down from 68% last year². Furthermore, the average duration of payment delays shortened by over a week, from 35.9 days in 2020 to 27.7 days in 2021. All sectors, except the two notable industries of machinery and retail-wholesale trade, reported a decline in the duration of late payments. In pharma-chemicals and

ICT³, this time-frame even shortened by over 3 ½ weeks. With an average of 17.5 days, companies in the ICT sector experienced the shortest waiting-time, while companies in the machinery sector had to be the most patient with an average delay of 35.8 days.

The business outlook from surveyed companies for 2021 and 2022 is very positive. However, this assessment must be put into perspective as it comes after a recession in 2020. 41% of participants have a positive economic outlook for 2021, while 11% see their business situation deteriorating compared to 2020. While the share of respondents with a positive outlook for 2022 remains high, it falls to 32%, reflecting lower certainty (11% remain pessimistic). Furthermore, although the effects of COVID-19 on the domestic and global markets remain a major risk, companies perceive disruptions of global production chains as the main risk for their exporting operations in 2021. Interestingly, this risk is not preventing companies from working more on international markets again, particularly in the EU/UK, China and the US. Finally, among the notable findings of our 2021 survey, it is clear that state aid remains a major feature for companies that responded. 48% of participants confirmed that they had used public support in the last 12 months, such as furlough, subsidies, loans or guarantees. While these support measures will – under current law – expire at the end of 2021 at the latest, it will be interesting to see if the extremely positive payment behaviour in Germany is the result of a strong economic recovery or that of significant public financial support and higher debt.

1 The survey was conducted between 28 June and 15 August 2021.

2 This is a very positive result, also when compared internationally. For instance, in Poland, 97% of surveyed companies reported payment delays in 2020, see Coface Corporate Payment Survey Poland 2021: Amid support programmes, corporate payment delays have shortened during the pandemic.

3 ICT – Information and Communication Technologies